

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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SENATE BUDGET COMMITTEE CHAIRMAN CALLS ON BUSH ADMINISTRATION TO PROVIDE PLAN TO PROTECT SOCIAL SECURITY AND MEDICARE TRUST FUNDS

Conrad: Bush Budget Wipes Out Surplus; Threatens Trust Funds

Washington, DC - Senate Budget Committee Chairman Kent Conrad (D-ND) today called on the Bush Administration to provide a plan to protect the Social Security and Medicare trust funds. Conrad's request came as the Budget Committee heard testimony from Office of Management and Budget Director Mitch Daniels on the Administration's Mid-Session Review budget update.

"President Bush has an obligation to tell the American people how he intends to keep his promise to protect the Social Security and Medicare trust funds," said Conrad. "He told us that we were awash in money and that the trust funds would be protected under his plan, but he was wrong. Now the nation needs him to show leadership by first admitting that we have a problem and then offering a plan to get us out of this fiscal mess."

While the Bush Administration's Office of Management and Budget (OMB) employed accounting gimmicks and rosy economic forecasts in an attempt to hide the tapping of the Social Security Trust Fund, the Congressional Budget Office's (CBO) August budget update begins to show the extent of the damage from the Bush plan. Based on CBO's report, we can see raids of the Social Security and Medicare Trust Funds over the next ten years, at a time when both the Administration and the CBO are projecting strong economic growth.

If we add in just the cost of the President's request for a significant increase in defense spending and other Republican-crafted budget resolution policies that have not yet been enacted, we can see that the President has the nation on a course to invade the trust funds by \$500 billion over the next ten years. The extent of the problem will be even worse if we factor in new money for education, extending expiring tax provisions, fixing the Alternative Minimum Tax problem, paying for natural disasters, or the passing of additional tax cuts supported by the President.

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“The President insisted that we could have it all – a massive tax cut, pay down the maximum amount of debt possible, provide for the nation’s defense and education, and protect the people’s retirement and health funds,” said Conrad. “It sounded too good to be true at the time, and it was. His plan will result in the spending of Social Security and Medicare Trust Fund savings to pay for other government services instead of continuing to reduce the public debt. According to CBO’s numbers, the President’s tax cut, combined with the current economic slowdown, will saddle the nation with \$1 trillion in additional debt by the end of 2006.

“To make matters worse, the Bush Administration is literally taking the Social Security and Medicare taxes paid by working Americans and using it to support a tax cut that benefits primarily the wealthiest in this country. It’s Robin Hood in reverse. When people pay their Social Security and Medicare payroll taxes, they expect, at a minimum, that their money will be used to help ensure that the nation can provide for their benefits in the future. They don’t expect their money to be diverted for other uses. Unfortunately, that is exactly what the Bush Administration seems intent on doing.”

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